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D.P.U. #07-104

JERROLD OPPENHEIM
57 MIDDLE STREET
GLOUCESTER, MASSACHUSETTS 01930-5736 USA
+1 (978) 283-0897
Fax +1 (978) 283-0957
JerroldOpp@DemocracyAndRegulation.com
www.DemocracyAndRegulation.com

July 2, 2008

Mary Cottrell, Secretary
Department of Public Utilities
One South Station, Second Floor
Boston, Mass. 021110

RE: D.P.U. 07-104, KeySpan, Energy Efficiency
D.P.U. 08-8, Massachusetts Electric Co. and Nantucket Electric Co. d/b/a
National Grid, Energy Efficiency
D.P.U. 08-10, NSTAR Electric Co., Energy Efficiency

Dear Secretary Cottrell,

On June 9, 2008, and again on June 18, the Attorney General requested a Technical Session in the above-captioned dockets to review the 2007 Avoided Energy Supply Cost (AESC) Final Report and other unspecified matters. The Attorney General expressed her intention to file similar requests in other dockets related to efficiency plans as they are opened. The request is based on a concern that efficiency programs "have a benefit cost ratio of one or greater.. based on avoided costs calculations provided in the [AESC] Report."

National Grid responded on June 13, stating, among other things, that no such Technical Session should delay a decision on energy efficiency dockets because "The Department already has sufficient information on which to base a final decision on these matters and any delay could result in harm to consumers in light of historically high energy costs."

The Division of Energy Resources (DOER) responded on June 20, stating, among other things, that "we do not support a technical session that is tied to the three existing dockets now open." In particular DOER reiterated its "request for an expedited review [of the filing in D.P.U. 07-104, Key Span] so as

to prevent further crippling the delivery of energy efficiency programs, especially to the low-income community.”

The Low-Income Energy Affordability Network¹ (LEAN) opposes any procedure that would further delay a decision in Docket 07-104 (KeySpan, now National Grid) or delay a decision in any other efficiency docket. There are at least three reasons why delay in these dockets is unwarranted and unwise.

- 1 The Attorney General had ample opportunity to participate in the year-long process of developing the 2007 AESC Final Report, which culminated in a Final Report last February. As has been true in past years, the AESC was developed in a consensus collaborative process that was open to all stakeholders and included stakeholders from every New England state, including utilities, other program administrators, regulatory commissions, state energy offices (including DOER), and consumer advocates and representatives from all customer sectors. We welcome the Attorney General’s interest, and do not contest her right to examine the AESC study, but we suggest that the fairest course is for the results of such an inquiry to inform the 2009 AESC study.
- 2 The effective date of the KeySpan/National Grid efficiency program filed in Docket 07-104 has already been delayed at least six months, to the detriment of program and infrastructure. Efficiency services have been deferred for at least 100 customers as a direct result of the delay in ramping up, at a cost to these families of \$400-600 in lost efficiency. The program has been forced to operate as a series of short-term programs, consistent with each extension granted, which has caused difficult operational, accounting, and reporting conditions. This funding uncertainty becomes more difficult the longer it lasts; agency commitments and contractor training cannot be accomplished for a program that is one month long. Hiring and training have been postponed because of the uncertainty. Accounting for and reporting of this series of short-term programs has been administratively costly.
- 3 A Technical Session would not be decisional, in the sense that there has been no showing – and it is implausible – that a Technical Session could develop information that would be material to whether a current efficiency program should be approved. The proposed efficiency programs

¹ LEAN is the association of agencies that deliver the utility efficiency programs across the Commonwealth, including Action, Inc. (lead agency for National Grid and KeySpan programs), and Action for Boston Community Development (ABCD, lead agency for NSTAR and KeySpan programs).

are all robustly cost-effective, the 2007 AESC was conducted by a superb group of analysts, and the 2007 AESC was vigourously reviewed by stakeholders from all sides as well as by government agencies.

As noted, LEAN joins DOER and National Grid in their welcoming of a Technical Session for the benefit of any person who wishes to inquire into its details, learn more about it, or otherwise contribute to the excellence and cost-effectiveness of the Commonwealth's utility energy efficiency programs. Any such investigation may well develop useful recommendations for the next Avoided Energy Supply Cost study, currently scheduled for next year.

However, a Technical Session should not become an obstacle to the continued successful operation of Massachusetts utility energy efficiency programs. In that spirit, we propose:

1. KeySpan programs should proceed at once for the balance of 2008, as well as 2009, at the settled budget levels and terms presented in D.P.U. 07-104, with carry-over to 2010 if needed to make up for the delay.
2. KeySpan programs for 2008-2009 shall proceed subject to compliance with the Commission's decision in Docket D.P.U. 07-50, when issued.
3. KeySpan programs should proceed at agreed budget levels for 2010-2012, as outlined in the settlement, subject to increases if called for by the three-year gas efficiency program approved for those years, as well as compliance with the Commission's decision in Docket D.P.U. 07-50. Thus the settlement in D.P.U. 07-104 would set a floor for the 2010-2012 budgets as well as certainty for the implementing agencies.
4. All efficiency programs for 2008 may be approved, subject only to revision if review of the avoided cost study proves that a program is not cost-effective.

Respectfully submitted,

LOW-INCOME ENERGY AFFORDABILITY NETWORK

By its attorney,